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Morton International, Inc.Hoover's Profile: Morton International, Inc.**Type:** Subsidiary**On the web:** <http://www.mortonsalt.com>**Contact Information**

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Life without salt would be not only bland but slippery, and Morton International, better known as Morton Salt, won't let that happen. The company is the #1 consumer salt maker in the US and sells industrial and consumer salts from under a big umbrella held by a little girl in a yellow dress. Along with Morton's familiar grocery products (table salt, canning salt), the company also makes salt for controlling ice on roads, water conditioning, and for the food-manufacturing and chemical industries. Formerly a subsidiary of Rohm and Hass, Morton Salt was sold to Germany's K+S in 2009.

Officers:

CEO: Mark Roberts

CFO: Andy Kotlarz

Manager Information Systems: Robert Everett

Competitors:CargillCompass MineralsUnited Salt

English ▼

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([browse](#))Morton International, Inc**Choose a category**All Categories [Find It](#)Data provided by  Shopping.comCompany History: Morton International, Inc.**Incorporated:** 1910 as the Morton Salt Company

NAIC: 311940 Seasoning and Dressing Manufacturing; 325188 All Other Basic Inorganic Chemical Manufacturing
SIC: 2869 Industrial Organic Chemicals Nec

Morton International, Inc.--probably best known for its popular blue canister of table salt, featuring a raincoat-clad girl with an umbrella and the tagline, "when it rains, it pours"--is a diversified wholly owned subsidiary of the chemical maker Rohm and Haas Company. Morton's focus is on two industry segments: the manufacture and sale of salt for consumer and industrial use, and the manufacture and sale of specialty chemicals. In 1986 the company, then called Morton Thiokol, gained notoriety for its part in the explosion of the NASA space shuttle Challenger. The accident precipitated a crisis that led Morton to spin-off the Thiokol rocket business in 1989. Both companies now operate as completely independent enterprises. The late-1990s acquisition of Morton was attractive to Rohm and Haas because salt was used to manufacture many of its products. After purchasing Morton in 1999, Rohm and Haas sold several of Morton's overseas facilities to pay off debt and closed some other underperforming facilities as well. Rohm and Haas endured a rash of environmental and safety-related issues that were connected to chemical plants previously under Morton's control, but after three years the majority of issues related to Morton were resolved. In 2003 Morton was honored as an industry leader by the National Safety Council.

Early Years: 1879-1967

Morton began as a small agency distributing salt in the American Midwest, from shipments routed from the eastern seaboard on the Erie Canal. After the Civil War, the demand for salt kept pace with the expansion of the meat-packing industry, particularly in Chicago, where both the meat-packing and salt industries became well established. In 1879 a 24-year-old clerk named Joy Morton joined the agency, and by the age of 30 he owned it.

Morton soon came to dominate at least a third of the salt market, becoming the product's only nationwide distributor. Morton experienced moderate success, maintaining a large share of a stable and profitable market with few competitors. However, by the mid-twentieth century, the salt industry had fully matured. In the 1950s, Morton diversified into specialty chemicals, including bromides, adhesives, dye stuffs, and polymers. In 1965 Morton Industries went public and decided to diversify further.

Diversification: 1969-1982

Morton's first major acquisition was Simonize, a maker of auto wax and household cleaners, in 1965. Four years later, Morton merged with Norwich Pharmaceuticals, which manufactured prescription drugs as well as such over-the-counter products as Unguentine, Chloraseptic, and Pepto-Bismol.

However, the Morton-Norwich merger was problematic in that Morton did not possess the financial resources to revitalize Norwich. Despite its established product line, Norwich was slowed in its growth by an inadequate research and development budget; at the time, the marketing of a new drug could incur costs of \$50 million, a figure far exceeding Morton-Norwich's entire research budget. As a result, from 1969 to 1971, Morton-Norwich's dividends remained negligible, and its stock shares sold for only eight times dividends, which was low for pharmaceutical companies. To remedy the situation Morton-Norwich went into partnership with Rhone-Poulenc, a French drug manufacturer. In exchange for 20 percent of its stock, Morton-Norwich received right of first refusal on any

Key Dates

- **1879:** Joy Morton is employed by small Midwest company that sells salt.
- **1886:** Morton buys the company and names it Joy Morton & Co.
- **1902:** Joy Morton forms the International Salt Co. of Illinois.
- **1910:** Company is incorporated as the Morton Salt Co.
- **1965:** The enterprise is renamed Morton Industries, goes public, and begins to diversify.
- **1969:** Morton merges with Norwich Pharmaceutical.
- **1982:** The rocket fuel company Thiokol merges with Morton.
- **1986:** Morton Thiokol engineers are blamed for NASA Challenger disaster.
- **1989:** Morton spins off Thiokol but retains the profitable airbag division.
- **1997:** Morton spins off its airbag

of Rhone-Poulenc's new products. Moreover, Rhone-Poulenc had ample research facilities.

However, the partnership with Rhone-Poulenc was beset with difficulties. "We couldn't run our business with those people," said Charles Locke, then president of Morton. Moreover, Rhone-Poulenc was eventually nationalized by French President Mitterand, and the company decided to sell its stock in Morton-Norwich. The French company did not abide by an earlier agreement to refrain from selling its share of Morton-Norwich to a single buyer, so Morton-Norwich found itself a potential takeover candidate.

Thiokol Merger: 1982-1989

In 1982 Morton sold Norwich and used part of the proceeds to buy back its stock from Rhone-Poulenc. However, Morton remained a potential candidate for takeover due to the steady income from its salt operation. Its stock was selling for \$30 a share, but with only \$20 a share cash reserves, the management at Morton decided to take action. As a result, management began to look for an eligible specialty chemicals company to purchase or merge with.

Thiokol, with its 20 percent annual growth rate, was Morton's prime candidate for a merger. Thiokol controlled 40 percent of the solid rocket fuels market, and its Texize division manufactured a popular and profitable line of household cleaners that included the brand Glass Plus. Morton decided that the household products divisions in both companies would complement one another, and in 1982 the two companies completed the finalization of their merger.

One year later, however, a severe disagreement arose between the upper management leaders of the two companies. As a result, the top management at Thiokol walked out. Among the defectors was Robert Davies, president of Thiokol, considered one of the brightest executives in the aerospace and chemical industries. Four other high level executives with experience in aerospace either retired or quit when Davies left. Consequently, Morton's Charles Locke was given complete control of both companies.

Despite these defections, few industry analysts questioned the wisdom of the Thiokol-Morton merger. In the first year after the merger the company posted record earnings. Two years later earnings per share increased 26 percent. Morton's and Thiokol's specialty chemicals divisions were working well together, and the new company offered chemical purification products, metal recovery chemicals, coatings, polymers, and chemicals for the electronics industry. The household products division saw many of its brands, including Glass Plus, Yes Detergent, and Spray & Wash, achieve 10 to 20 percent market growth in a crowded and highly competitive field. To further strengthen its position in the household products market during this time, Morton Thiokol began to manufacture its own packaging materials, becoming one of the first manufacturers in the industry to do so. In 1985 the household products division was sold to Dow Chemical Company in order to prevent an attempted takeover by that chemical firm.

In the mid-1980s, Morton Thiokol's staff of engineers was gaining acclaim for its work on materials for the aerospace industry, and the company won a contract to produce rocket boosters for NASA's space shuttle Challenger. On January 26, 1986, Morton Thiokol engineers are alleged to have approved the launch of the Challenger space shuttle, despite the below freezing weather conditions. Seventy-three seconds after lift-off an explosion occurred that destroyed the rocket and killed its crew. The explosion was attributed to the failure of rubber O-rings on Morton Thiokol's rocket boosters.

Morton Thiokol chair Charles Locke shocked the public when, shortly after the accident, he told reporters that "the shuttle thing will cost us ten cents a share." Although he was quoted out of context, the remark nonetheless ensured Locke a reputation as being tactless and insensitive. In 1989, despite performing \$400 million worth of redesign work at cost and the resumption of shuttle flights, Morton Thiokol lost a bid for a new booster design to Lockheed. At this point, Locke decided to spin off the Thiokol division.

division.

- **1999:** Rohm and Haas acquires Morton.
- **2001:** Rohm and Haas pays \$38 million for Mississippi environmental damages.
- **2003:** Morton receives award for safest company in its industry from National Safety Council.

Further Expansion: 1989-1999

Before dividing the companies, Locke transferred Thiokol's chemical businesses to the Morton side of the company. Morton also retained Thiokol's promising automotive airbag business. The companies were officially split on July 1, 1989. Morton International, with \$1.4 billion in sales and 8,000 employees, remained concentrated mostly in chemicals and salt. But the company also invested nearly \$100 million in its airbag business.

Airbags, designed to inflate upon the impact of a car crash, protected drivers from colliding with an automobile's dashboard and windshield. After Mercedes-Benz ordered the first airbag, other auto manufacturers found it to be a competitive advantage. Chrysler incorporated airbags into its designs in 1987, and others followed. The most important development in the airbag market occurred in 1991, when congress passed legislation making airbags mandatory on all new cars. At the time, Morton dominated the market with 55 percent of the market, while its closest competitor, TRW, held 35 percent.

Morton also actively expanded its chemical operations after its divestiture of Thiokol, taking over the Whittaker Corporation's coatings and adhesives business for \$225 million. In taking over this business, Morton integrated vertically into the polyester market. Subsequent acquisitions included the K.J. Quinn and German Iromer Chemie and Sandoz-Quinn Produkte companies, which were added to Morton's Dynachem and Bee Chemical divisions. The company's specialty chemicals business grew to include adhesives, coatings, sealants, electrical chemicals, dyes, sodium borohydride, biocides, tin stabilizers, and laser and semiconductor materials. In late 1991 Morton sold its food and cosmetic colors business to Milwaukee-based Universal Foods in order to concentrate on its industrial dyes operations.

After the spinoff, Morton managed consistently higher earnings than Thiokol, possibly a result of Morton retaining Thiokol's most promising businesses before the two companies split up. As it approached the 21st century, Morton concentrated its investments on high-growth niche markets. In the mid-1990s Morton completed a flurry of mergers and alliances. It also invested heavily in a France-based salt enterprise, purchased the European powder coating company Pulverac, and released new products. In 1997 Morton sold its automotive safety company to Autoliv AB, thus forming the world's largest airbag company with 15,000 employees and over \$3 billion in sales. The same year Morton merged with Nippon Synthetic Chemical Industry to produce photoresist film, a compound used in semiconductors. Also in 1997 Morton agreed to supply and distribute coil coatings made by two subsidiaries belonging to the German-based Grebe Group. Grebe Group was one of Europe's leading producers of non-stick sealants and decorative coatings.

On April 13, 1998 an explosion rocked one of Morton's New Jersey factories. The Patterson-based factory made dyes for petroleum products. An out-of-control chemical reaction detonated in a vat of dye that injured nine employees. Homes as far as 15 blocks away felt the blast, and a cloud of yellow dust settled on the surrounding neighborhood. OSHA fined Morton \$7,000. The plant was lambasted in a report filed by the U.S. Chemical Safety and Hazard Investigation Board. According to the *Knight Ridder Tribune Business News Service*, Morton was accused of not informing its workers about the dyes' well-known explosive properties. Despite the bad press, Morton continued to prosper and posted \$2.5 billion in sales for 1998.

Hoping to reduce costs and focus on mainstay products such as salt, Morton sold its highway markings and paints business in early 1999. The factories were located in Los Angeles and Salem, Oregon. The Morton's Salt brand made up 12 percent of the company's total revenue in 1999.

Rohm and Haas: 1999-2006

Morton was acquired by Rohm and Haas in 1999 for \$4.9 billion. Rohm and Haas was a Philadelphia-based company that used Morton's salt to produce its own line of industrial chemicals. The global conglomerate was separated into six divisions, the largest being the coatings group, which made chemicals that were sold to paint makers. To reduce costs by \$200 million, the new owners cut 1,150 jobs soon after the Morton acquisition.

Unfortunately for Rohm and Haas, it acquired Morton's safety, health, and environmental troubles as well. The worst surfaced in 2000 at a Moss Point, Mississippi, facility. The U.S. Environmental Protection Agency, the Department of Justice, and the State of Mississippi filed charges against

Rohm and Haas after it was discovered that Morton's chemical byproducts were dumped into an underground well. The factory's troubles dated back to 1996 when a Morton environmental manager was caught falsifying reports about waste water discharge and groundwater monitoring. The false reports were discovered and disclosed publicly by Morton in 1996. The manager was fired soon after.

Rohm and Haas paid a total of \$38 million to resolve the Moss Point fiasco, including fines for civil penalties that reached \$20 million. At least \$2 million of criminal penalties were imposed on Rohm and Haas. The company was also required to spend millions on a plant waste minimization project to upgrade the city's waste water facility and to donate \$2 million to pollution prevention research at the University of Southern Mississippi's School of Polymer Science. To pay off debt, Rohm and Haas sold Morton's European salt operations and Morton's thermoplastic-polyurethane business for \$390 million in 2000. The businesses' sales were collectively \$295 million the year before.

After a few years of litigation and factory renovations, Rohm and Haas curbed the amount of incoming lawsuits, some of which involved asbestos overlooked in old Morton factories. In 2003 the National Safety Council proclaimed Morton International was the safest business in its industry, determined by the Standard Industrial Classification code system, and sales for Rohm and Haas continued to soar. Overall revenues from 2003 to 2005 rose from \$6.42 billion to \$7.99 billion.

Principal Subsidiaries

Bee Chemical Company; CVD, Inc.; The Canadian Salt Co., Ltd. (Canada); Inagua Transports, Inc. (Liberia); Morton Bahamas, Ltd. (Bahamas); Morton Coatings, Inc.; Morton International, B.V. (Netherlands); Morton International GmbH. (Germany); Morton International, Ltd. (Canada); Morton International, Ltd. (Japan); Morton International S.A. (France); Morton International S.p.A. (Italy); Morton Japan Ltd. (Japan); Morton Overseas, Ltd.; Morton International S.A. de C.V. (Mexico); Morton Yokohama, Inc.; N.V. Morton International S.A. (Belgium); Nippon-Bee Chemical Company, Ltd. (Japan); Toray Thiokol Company, Ltd. (Japan); Toyo-Morton, Ltd. (Japan).

Principal Competitors

The Dow Chemical Company; E. I. du Pont de Nemours and Company (DuPont); Cargill, Incorporated; Compass Minerals International, Inc.; IMC Global Inc.; Rockwood Holdings, Inc.; Eastman Chemical Company; Nippon Fine Chemical Co. Ltd.; Sovereign Specialty Chemicals, Inc.

Further Reading

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— John Simley; Updated by Kevin Teague

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